

other banking institutions and business houses in England and other parts of the world were collapsing, but both were the result of methods of banking so reckless and unsound that they had repeatedly received, before the failures, the condemnation of other Scotch bankers. The Western Bank was founded in 1832 and in the twenty-four years of its operation lost its entire capital of £1,500,000, and nearly as much more from its other assets. The Western Bank from the outset kept in London a reserve which was much inferior to that of other Scotch banks and was so small that its drafts were dishonored in 1834 by its London agents. The other Scotch banks thereupon refused its notes and remonstrated with it for its mismanagement. The directors notified the other banks on October 30, 1834, that they had resolved to invest in marketable securities a sum sufficient to secure themselves in the future, to lessen their discounts, and to keep sufficient funds to meet their obligations. The chartered banks, upon this pledge, advanced £100,000 to the Western Bank to enable them to purchase the proposed securities. But the management of the Western Bank soon forgot their promises and returned to their former method of business. These methods were so objectionable that when they applied to the Board of Trade in 1838 for a grant of letters patent, the other banks presented a joint memorial against the grant. This memorial declared that Scotland, during the periodical convulsions among the banks of England, which had led to the failure of several hundreds, had for the most part maintained a state of general tranquillity. The memorial continued :

The cause of this is notoriously owing, first, to the large capital employed in the Scotch banks, and, second, to the system of administration adopted. Capital alone, as has been recently experienced in England, by extending the scale of operations, may only increase the mischief. In the like manner a numerous proprietary, constituting a protection to the public against eventual loss, may, by adding to the credit, add to the power of such an institution for evil. The safeguard of the Scotch system has been the uniform practice adopted of retaining a large portion of the capital and deposits invested in government securities, capable of being converted into money, at all